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AUTHOR	Tollefson, Terrence A.
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ABSTRACT

This document contains an historical overview of the Oregon community college system, including its overall mission and student enrollment information for the 1989-94 academic years. The paper describes how Oregon community colleges enjoyed strong state and local tax support until the beginning of a recession in the early 1980's. Declines in the state's share of funding began to occur, followed by the enactment of two constitutional amendments--Measure 5 in 1990, and Measure 47 in 1996. Measure 5 is summarized, and its negative financial effects are outlined. The effects of Measure 47 also are described, as are possible forms of relief for education. Oregon community college governance and coordination are discussed, with reference to the Office of Community College Services Administrative Agency, the State Board of Education, and local boards specific to each college. College ranking information is provided, as well as a financial support summary for the 1976-93 fiscal years by local and state resources. State appropriations are listed by fiscal year. A higher education fact file is included. (Contains 22 references) (AS)

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Terrence A. Tollefson

East Tennessee State University

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Terrence A Tollefson

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Oregon Community Colleges Respond to Property Tax Rollbacks

Terrence A. Tollefson
August, 1997

Oregon community colleges enjoyed strong state and local tax support until a long recession began in the early 1980s. Declines in the state share of funding started first, (Holland, in Tollefson & Fountain, 1992), followed by two constitutional amendments enacted by statewide referenda, first Measure 5 in 1990 and then Measure 47 in 1996. The impact of Measure 5 was to restrict severely the local property taxes (Lausberg, 1995). The impact of Measure 47 is yet to be determined, as it did not take effect until July 1, 1997 (*Voter's Pamphlet, Vol. I. I*, 1996).

Historical Overview

A 1949 legislative act authorized local school districts in Oregon to form extension centers offering college-level work. Three such centers were established, but only Central Oregon Community College in Bend has survived. In 1959, the legislature enacted a bill permitting the establishment of independent community college districts, but the accompanying appropriation was so small that no such districts were formed. Under more flexible 1961 legislation, with larger appropriations, 13 community college districts were established by 1971.

Mission

Since its statutory inception in 1961, the overall mission of the Oregon Community College System has been comprehensive. The colleges are authorized to offer college transfer and vocational-technical programs leading to associate degrees, short-term occupational programs, academic guidance and counseling, and continuing education for adults (Kreider, 1997). The Oregon Community Colleges also provide small business development centers and educational programs in

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corrections institutions. (Holland, in Tollefson & Fountain, 1992). Several recent legislative acts have extended the mission of the Oregon Community Colleges. Workforce 2000, Oregon Shines and the 1991 Oregon Educational Act for the 21st Century (House Bill 3565) collectively support the community college role to facilitate the achievement of a goal to make Oregon's workforce equal to the best in the world. In 1994, Robert Reich, then U.S. Secretary of Labor, cited the Oregon Community Colleges as "leading the nation" in that regard. (Kreider, 1995).

Fall enrollments in recent years were reported as follows:

Year	Fall Enrollment
1989	74,536
1990	76,827
1991	79,282
1992	80,048
1993	80,239
1994	78,376

Sources: *Almanac*, 1991-96, *Chronicle of Higher Education*.

With the possible exception of 1994, the Oregon community colleges' fall headcount enrollment does not appear to have been negatively affected by Measure 5.

Governance and Coordination

The State Board of Education meets at least once each month in a separate session to consider community college matters. Its administrative agency is the Office of Community College Services, whose chancellor is appointed by the state board. The state board is authorized to approve degree programs, establish statewide policies and procedures for financial and student accounting, develop

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system-wide requests for budgets and legislation, and approve community college construction projects.

The State Board of Education has seven members, one from each of the state's five Congressional districts and two from the state at large. Members are appointed for four-year terms by the governor and must be confirmed by the state senate. The State Board of Education, in its statutory capacity as the coordinating board for community colleges, was authorized to appoint the Commissioner of the Office of Community College Services.

Each college has a locally elected governing board of seven members. Local boards are authorized to hire presidents and other personnel, establish budgets and determine educational programs. According to former Commissioner Michael Holland, "The Oregon system is best described as one that vests significant day-to-day governing authority with local boards and broad coordinating responsibility with the state board." (in Tollefson & Fountain, 1992, p.177).

The Oregon community college system was ranked by Garrett (1992) in a nationwide index of state-centralized authority (N=44) as ninth from the bottom, meaning it was ninth from the top in local autonomy. In another study, involving 19 large state community college systems, Fonte (1993) found that Oregon was among the nine states with the lowest degree of state regulation. Fonte ranked Oregon community colleges low in state regulation of budget flexibility, low in budget form, low in expenditure oversight, low in tuition and revenue control, low in the state regulation of local authority, and low in personnel control. The findings of a third study of 41 state community college systems (Ingram & Tollefson, 1996) were that Oregon ranked third in overall local decision-making authority, sixth in academic decision-making authority, twelfth in local personnel decision-making authority, and second in local administrative decision-making authority.

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Funding

In the early years, the legislature provided sufficient funds to support over half of direct instructional costs and more than two-thirds of capital project costs. State support of operating costs gradually declined to about 41 percent, but local tax referenda generally made up the difference. In the recession period from 1979 to 1983, state support was eroded to about 30 percent of operating costs. In response to declining state funding support, the community colleges' response was to initiate a proposal to the 1987 legislature that, when enacted, created the Office of Community College Services. It was organized in 1987 as a separate state agency under the State Board of Education, and the law eliminated all supervisory authority of the state superintendent of education. (Holland, in Tollefson & Fountain, 1992).

In the 1976-77 fiscal year, state appropriations for Oregon community college current expenses totaled $35,606,000, and the corresponding local financial support was $24,835,000. The proportional shares for that year were 58.9 percent state and 41.1 percent local. No state funds were appropriated for Oregon community college capital outlay in 1976-77, but a biennial appropriation of $20,850,000 was made in 1977-78. Local funding for capital outlay was $9,070,000 in 1976-77 and a then-estimated $10,000,000 in 1977-78. (Tollefson, Adkins & Buysse, 1980). These figures seem to indicate an approximate 50-50 split between local and state support for community college capital outlay during that period.

Holland (in Tollefson & Fountain, 1992) described the proportional financial support for community college operations as approximately 50 percent from local property taxes, 30 percent from the state and 20 percent from tuition. At that time tuition averaged about $245 per quarter, or $735 for a three-quarter year. Holland reported, "State construction funds, when appropriated, pay for 65

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percent of project costs. Local sources must be available to provide for remaining project costs" (p 177). Kreider (1997) updated Holland's information as follows:

The state provided approximately 65% of construction costs, with other sources coming from local sources and local taxes. The 1970s and 1980s were void of any substantial state support for construction. However, in 1987 the legislature appropriated $8 5 million for construction projects for 11 college districts and in 1989 funded $3 million for Clackamas. No funds were approved for construction by the 1991 or 1993 legislature (p.161).

Since 1990, Oregon's property tax rollbacks and caps on annual increases have variously been described as a "property-tax revolt" (*Chronicle of Higher Education Almanac*, 1991, p 84) and an "artificial depression (*Change*, 1991, November/December, p.44).

Apparently in response to a recession in the 1980s and led by Bill Sizemore, President of Oregon Taxpayers United, two state constitutional amendments were adopted by statewide referenda The first, Measure 5, was enacted in November of 1990. (Lausberg, 1995, & Hackstadt, 1997) Measure 5 was summarized (*Ballot, Measure 5 ,1990*) as follows:

Amends constitution. Limits 1991-92 property taxes for public schools to $15, and property taxes for non-school government operations to $10 per $1000 of market value. Schools limit gradually decreases to $5 per $1000 in 1995 -96 and after. Government operations limit remains same. Limits do not apply to government assessments, service charges, taxes to pay certain government bonds Assessments, service charges shall not exceed cost of making improvements, providing services General Fund to replace, until 1996, school funds lost due to school limits (p.1).

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Community colleges are considered part of public schools for the purpose of applying Measure 5 (*Chronicle of Higher Education Almanac*, 1993, August 23, Frohnmmayer G., [President of the University of Oregon] in Hackstadt, 1996, February 20).

The negative financial effects of Measure 5 have been far greater on Oregon's state universities than on its community colleges, because of the requirement to replace the community colleges' lost property taxes with state funds. The negative effects on state universities have included an 11-percent reduction in state appropriations in the 1991-93 brennium, the elimination of over 90 academic programs and nearly a 150-percent increase in non-resident tuition (*Chronicle of Higher Education Almanac*, 1993, August 25). Tuition at the University of Oregon increased $1,293 for resident students and $4,046 for non-resident students from 1990-1991 to 1995-96, the university's general fund appropriation declined by $52.4 million, and the university has lost approximately 1,500 students in that period. (Rossol, S., 1996, February 22).

The Oregon Taxpayers Union intended that Measure 5 would severely restrict taxes on residential property. The effects of Measure 5 were reduced because market values on single-family residences increased by an average of 49.3 percent by 1993-94, which was much more than the increase for commercial property. That led to the initiative and referendum on Measure 47 in 1996 (Lausberg, C.H., 1995, April).

Measure 47, enacted in November of 1996, amended the state constitution to restrict property taxes to the lesser of 1994-95 levels or 90 percent of 1995-96, and set an annual limit in property tax increases of three percent (Oregon Daily Emerald, 1996, November 27). The effects of Measure 47 are still largely unknown, because the ballot summary stated, "Direct revenue losses to each type of local government unit, including local school districts, community colleges, cities, counties, and fire

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districts, will depend on legislative action" (*Voter's Pamphlet, Vol. I, Measures*, 1996, November 5, p 213). Oregon has no sales taxes at either state or local levels. State general fund revenue is derived primarily from state income taxes. The possibility of adding a state sales tax has been discussed (Oregon Daily Emerald Online, 1996, November 26).

Other possible forms of relief for education considered have included the use of state lottery proceeds, which grew from $84 million in 1990-91 to a projected $700 million in 1995-97, and the proposed establishment of a permanent state endowment fund for education (Lausberg, C H., 1995, April).

Oregon's community colleges received state appropriations for operating expenses in recent years as follows:

Fiscal Year	Amount
1990-91 (1)	$124,228,000
1992-93 (2)	$101,321,000
1993-94 (2)	$ 90,305,000
1994-95 (2&3)	$ 92,130,000
1995-96 (3)	$166,289,000
1996-97 (3)	$167,289,000

Sources:

Honeyman, Wattenbarger & Williamson (1991)

Palmer, J C., 1995

Hines, E.R., & Higham, J.R., III (1997)

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The figures for 1995-96 and 1996 were overstated relative to the amount for 1994-95, because, "... beginning in FY 1995-96, there was a change in the manner in which the funds were appropriated" (Hines & Higham, 1997, p.17).

Community college tuition and fees in Oregon averaged $1,324 per student in 1994-95, which was approximately 11 percent above the national average of $1,194. Community college faculty salaries averaged $40,213, which was about 96 percent of the $42,101 national average (Tollefson, 1997).

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Higher Education Fact File
Compiled by Terrence A. Tollefson
August, 1997

	Oregon	U.S.	Oregon % of U.S.
Land Area (Sq.Mi.)	96,003	3,563,342	2.69%
Population, 1960	1,769,000	179,323,000	0.99%
Population, 1995	3,141,000	262,755,000	1.20%
Growth Since 1960	77.5%	46.53%	166.69%
Undergraduate Enrollment, Fall 1994			
Total Higher Education	144,583	12,262,608	1.18%
Total H.E./Sq.Mi.	1.51%	3.44	43.90%
Total Community College	78,376	5,308,467	1.48%
Total C.C./Sq.Mi.	0.54	1.49	36.24%
Total H.E. Per 1,000 Persons	46.03	46.67	98.63%
Total C.C. Per 1,000 Persons	24.95	20.20	123.51%
Minority Enrollments, Fall 1994			
Public Four-Year	13.05%	22.04%	60.03%
Community College	11.07%	29.01%	40.02%
Average Tuition/Fees			
Public Four-Year			
Community College	$ 1,324	$ 1,194	110.89%
C.C.% of Pub. 4-Year	43.23%	44.40%	97.36%

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	Oregon	U.S.	Oregon % of U.S.
Number of Institutions, 1994-95			
Public Four-Year	8	605	1.32%
Community College	13	1,036	1.25%
C.C.% of Total Public	61.90%	63.13%	98.05%
Number of C.C. per 1,000 Sq.Mi.	0.13%	0.29%	44.82%
Degrees Awarded, 1993-94			
Associate	5,876	542,449	1.10%
Bachelor's	13,272	1,169,275	1.14%
Associate % of Bachelor's	45.10%	46.39%	97.21%
Per Capita Income, 1995	$ 21,736	$ 22,788	95.38%
Average Faculty Salary, 1994-95			
Public University	$ 46,776	$ 53,444	87.52%
Community College	$ 40,213	$ 42,101	95.52%
C.C.% of Public University	85.97%	78.78%	109.13%
C.C.% of Per Capita Income	185.01%	184.75%	100.14%

Sources:

Land area - *Rand McNally Road Atlas*, 1997
1960 population - *Random House Dictionary of the English Language*, 1970
Higher education data - *Chronicle of Higher Education Almanac*, 1996

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